



BILLING CODE 5001-06

DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 17-61]

Arms Sales Notification

AGENCY: Defense Security Cooperation Agency, Department of Defense.

ACTION: Arms sales notice.

SUMMARY: The Department of Defense is publishing the unclassified text of an arms sales notification.

FOR FURTHER INFORMATION CONTACT: Pamela Young, (703) 697-9107, pamela.a.young14.civ@mail.mil or Kathy Valadez, (703) 697-9217, kathy.a.valadez.civ@mail.mil; DSCA/DSA-RAN.

SUPPLEMENTARY INFORMATION: This 36(b)(1) arms sales notification is published to fulfill the requirements of section 155 of Public Law 104-164 dated July 21, 1996. The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 17-61 with attached Policy Justification and Sensitivity of Technology.

Dated: January 23, 2018.

Aaron Siegel,

Alternate OSD Federal Register Liaison Officer,

Department of Defense.



DEFENSE SECURITY COOPERATION AGENCY

201 12TH STREET SOUTH, STE 203
ARLINGTON, VA 22202-5408

The Honorable Paul D. Ryan
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

JAN 17 2018

Dear Mr. Speaker:

Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, we are forwarding herewith Transmittal No. 17-61, concerning the Army's proposed Letter(s) of Offer and Acceptance to Saudi Arabia for defense articles and services estimated to cost \$500 million. After this letter is delivered to your office, we plan to issue a news release to notify the public of this proposed sale.

Sincerely,

Charles W. Hooper
Lieutenant General, USA
Director

Enclosures:

1. Transmittal
2. Policy Justification
3. Sensitivity of Technology
4. Regional Balance (Classified document provided under separate cover)



Transmittal No. 17-61

Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act, as amended

(i) Prospective Purchaser: Kingdom of Saudi Arabia

(ii) Total Estimated Value:

Major Defense Equipment*	\$ 0 million
Other	<u>\$500 million</u>
TOTAL	\$500 million

(iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:

Major Defense Equipment (MDE): None

Non-MDE:

Continued participation, technical assistance, and support in the Patriot Legacy Field Surveillance Program (FSP); the Patriot Advanced Capability 3 (PAC-3) FSP; and the Patriot Engineering Services Program (ESP). Also included are Patriot and HAWK Missile System spare parts and repair and return management services and component repairs, and other related elements of logistics and program support.

(iv) Military Department: Army (SR-B-ZAT, ZAS, BDN A2, WAK A5, and subsequent cases)

(v) Prior Related Cases, if any: SR-B-UAJ A1

(vi) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None

(vii) Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold: See Attached Annex

(viii) Date Report Delivered to Congress: January 17, 2018

*As defined in Section 47(6) of the Arms Export Control Act.

POLICY JUSTIFICATION

Saudi Arabia –Continuation of Missile System Support Services

The Government of the Kingdom of Saudi Arabia has requested a possible purchase for continued participation, technical assistance, and support in the Patriot Legacy Field Surveillance Program (FSP); the Patriot Advanced Capability 3 (PAC-3) FSP; and the Patriot Engineering Services Program (ESP). Also included are Patriot and HAWK Missile System spare parts and repair and return management services and component repairs, and other related elements of logistics and program support. The total estimated program cost is \$500 million.

This proposed sale will support U.S. foreign policy and national security objectives by helping to improve the security of a friendly country which has been, and continues to be, an important force for political stability and economic growth in the Middle East. This potential sale is a continuation of current support. Saudi Arabia will have no difficulty absorbing this equipment and support into its armed forces.

The proposed sale of this equipment and support will not alter the basic military balance in the region.

The principal contractors are Lockheed Martin, Bethesda, MD for the FSP and Raytheon Company, Andover, MA for the ESP. There are no known offset agreements proposed in connection with this potential sale.

Implementation of this proposed sale will not require the permanent assignment of any U.S. Government or contractor representatives to Saudi Arabia. Support teams of 4-10 people will travel to the country on a temporary basis for 1-3 weeks at a time.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act

Annex
Item No. vii

(vii) Sensitivity of Technology:

1. The Patriot Legacy and PAC-3 FSP programs assist international customers to maintain the readiness of their systems. These programs include the shared programs and country unique costs such as the Stockpile Reliability Test (SRT) and Missile Recertification programs. Services include the storage and aging program, surveillance firing program, the Patriot PAC-3 Missile Support Center (P3MSC), program support and a parts library.

2. As a participating international partner in the Patriot Engineering Services Program (ESP), Saudi Arabia is granted access to information such as engineering changes in development and under consideration, schedules for important events such as procurement and fielding of Patriot system improvements, development of Post Deployment Build (PDB) software, and a comprehensive program to address the issue of loss of sources of supply and advanced technology and their impact on availability of components. The program provides funding for the publication effort to incorporate country specific changes to Technical Manuals (TM). Preparation of all necessary Country specific TM change pages based on the latest version of the USG Department of Army Technical Manuals (DATMs) that support PDB requirements and the existing Repair Parts and Special Tools Lists (RPSTLs). Tasks include technical writing, illustrating, editing and quality review of all changes in accordance with Technical Information Operating Procedures (TIOPS). Organizational Maintenance, Intermediate maintenance and repair parts are covered. Preparation of change pages documenting any upgrades to the existing manuals. These manuals shall include and document any configuration changes as identified resulting in a new manual. Examples of country specific tasks include country unique communication studies and analysis, specialized training for operations and maintenance personnel for new versions (builds) of system software, power generation trade studies, country unique publications, and in country technical and logistical support for system modifications.

3. Increasing Patriot and Hawk spares support provides Saudi Arabia the capability to sustain and bolster missile system operations through the purchase of spares, consumable repair parts, support equipment, supplies, and maintenance. Included is support for the procurement and transportation of classified parts that are part of Saudi Arabia's current Patriot and Hawk Missile System configurations, with a highest classification of CONFIDENTIAL.

4. If a technologically advanced adversary obtains knowledge of the specific hardware and software source code in this proposed sale, the information could be used to develop countermeasures or equivalent systems that might reduce weapon system effectiveness or be used in the development of a system with similar or advanced capabilities.

5. A determination has been made that Saudi Arabia can provide substantially the same degree of protection for the sensitive technology being released as the U.S. Government. This sale is necessary in furtherance of the U.S. foreign policy and national security objectives outlined in the Policy Justification.

6. All defense articles and services listed in this transmittal are authorized for release and export to the Kingdom of Saudi Arabia.

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